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## **AN INTERVIEW WITH JAMES T. STEPHENS AND F. DIXON BROOKE, JR., EBSCO INDUSTRIES**

CAROL PITTS DIEDRICHS

### **Abstract**

This interview was conducted at the EBSCO Industries offices in Birmingham, AL, on October 6, 1997. James T. Stephens, President and Chief Executive Officer, EBSCO Industries, and F. Dixon Brooke, Jr., Vice President and Division General Manager, EBSCO Subscription Services, candidly comment on issues such as the current state of the serials industry, electronic journals, customer service, and consortial licensing. © 1998 Elsevier Science Ltd

James T. Stephens and F. Dixon Brooke met with Carol Pitts Diedrichs on October 6, 1997, at the offices of EBSCO Industries in Birmingham, AL. The discussion that took place follows.

*LAPT:* Can you begin by explaining the various aspects of EBSCO Industries that each of you are involved with?

*Stephens:* Dixon is the general manager of EBSCO Subscription Services (ESS) with the exception of Europe where the general manager reports to me. In large part that is so I can keep a close hand into the operating level. We work together with Information Services and Systems (ISS) here because our computer department does other work in addition to the subscription services. Dixon primarily manages ISS from the standpoint of its subscription service activities. Then as we weave EIS (EBSCO Information Services) together, I have been primarily active with EBSCO Publishing and with EBSCODoc and those two managers report to me. So we do a lot of collaboration. These different departments have their own focuses which have served us well because there are differences. At the same time we work to weave them together because we market commonly.

*LAPT:* What is your vision for EBSCO Industries particularly as it relates to the serials community and the library world?

*Stephens:* Our vision is to participate in the information industry in any way that we can be helpful to the consumers and to keep a broad and open mind with regard to what that might be. We do not foreclose any activities that we are not now directly involved in. We accept the challenge of the information industry as probably being among those most impacted by the great technological changes of computerization and telecommunications. The industry is constantly changing. We have to see a need. We have to feel that we can be a solid, quality participant and not just get into it

to get into it. With those few limitations we want to be an active and positive participant in the information industry as it evolves. That is the very broad vision.

*LAPT:* How do you stay ahead of the ball in a fast-moving environment?

*Stephens:* I think that you have to have a commitment to studying what is now, and will be later, best for the consumer. We have a commitment that regardless of what we do now and how we do it now with regard to internal mechanics, distribution channels, or sales channels, we will be driven by what is best for the consumer. We will change our traditional methodologies and approaches if they are perceived as not being, now or in the future, the best for the consumer. We do this while recognizing that an organization fundamentally in business has to find needs and fill them and has to keep the marketplace and the user first in mind. Second, if you don't, someone else who is not chained and fettered by the way they have done it in the past will see the opportunity to do what technology and current opportunities make best for the user and they will harm your opportunity for survival. We have to keep up; we have to avoid being closed in by the way we do things now. We have to keep our eye on what does the user, what does the consumer, benefit from and that is the direction we should go.

*LAPT:* How do you instill those values and way of looking at things in an entire company?

*Stephens:* I think that you take your lessons from religion and political philosophy and you preach. You talk about it; you discuss it; you communicate it; you use the bully pulpit internally. You try to create a culture and a way of approaching things, a way of evaluating, a way of thinking. It is an unending task just like every Sunday morning is for the preacher.

*Brooke:* I think we are helped by the fact that we are in these different businesses. We're not just in the subscription business. We're in the publishing business, we're in the distribution business, we're in the document delivery business. So internally we're talking about the problems that exist on all those fronts and how we can bring them together and make sense out of it. The result is an innovative approach to make it easier for our customers to take advantage of the strengths of all of that. So there is a lot of meeting and talking going on. In terms of deciding what would be best for us to be doing, one of the best sources of input has been the Executive Seminars series that we run on an annual basis. Over the last three years, we have listened to major academic libraries, biomedical libraries, and large research institutions guess (with an eye to the future) about how they are going to handle the future with all the changes we are experiencing. I think that process has given us a good bit of insight into some of the solutions we needed to develop and has helped us as we move forward.

*LAPT:* That's answered one of my questions: What you saw the role of the Executive Seminars being for you as a company. So obviously there is a significant role for those seminars for your company. You weren't just looking at them as a way to provide information but rather you're really looking to get something back from those participants.

*Brooke:* Absolutely.

*LAPT:* Can you see any technological breakthroughs or advancements in the future that you think will substantially change the way EBSCO and libraries do business?

*Stephens:* As an introduction to the answer, there is a lot of evidence that it is very hard for consumers and producers in any activity which is undergoing technological change to see where things are going. Primarily that is true because we are somewhat chained to what is about us immediately. But with a lot of lessons about that from the birth of automobiles to what has happened in the last 10 years, we are amply warned that sometimes even consulting with your customers does not tell you what they will be doing in a few years. They too are somewhat chained by what they can see right at hand. With regard to those in the information industry, the real agents of change for us are the graduates that our universities are turning out in electronic and electrical engineering, computer science and basic research that are probably going to continue to deliver possibilities to us that were not foreseen only 5 to 10 years ago. The technological change we are in the midst of now relates to publishing and what happens between the only two pure entities in the chain: the manuscript writer and the manuscript reader. With open systems and an abundance of communications availability and everybody connected with everybody, it is difficult to see exactly what the changes will be. There will be a lag time because not only do things have to occur technologically but then they have to be followed by a cultural change. There has to be time to absorb them. But, there are just a lot of possibilities for what can happen there. The fundamental process of taking a work from the manuscript originator to the manuscript user is going to change and that is going to affect every participant that is not one of those two pure entities from the librarian to the publisher to the intermediaries such as subscription agents and online vendors.

*LAPT:* One of the things we are seeing on our campus is the faculty, in some cases, not being ready for this. The librarians are pushing electronic journals, etc., and the faculty is not quite there. I expect that will evolve as a new generation of faculty members arrives who are more comfortable and accustomed to getting their information online and in a different fashion.

*Stephens:* Probably one of the interesting activities on campuses today that involve the faculty directly in publishing is the extent to which they continue to select the most appropriate textbooks. It will be interesting to see to what extent they take their prerogative to select and convert that prerogative into an opportunity to author or edit by compiling the texts which they want to use in particular classes. The faculty is being exposed to what are called electronic classrooms to teach them what is possible with multimedia and electronics inside the classroom. They are also being presented with alternatives for compiling textbooks from a bunch of miscellaneous sources which are available electronically tailored specifically to each class. It is a great big learning curve and probably will be very slow.

*LAPT:* What do you think the future of print is? Will we always have some sort of print alternative?

*Stephens:* I think about that question from EBSCO's viewpoint and how that is important to EBSCO. I do not think it is important for us to try to speculate whether print will always be here or how long it will be here. I think it is important for us to be positioned with regard to our users' needs to recognize that most information is still and will be for a good number of years primarily consumed in print. We will not keep our services for print subscriptions static and wholly turn our attention to the fascination of electronic publishing but continue to improve and engineer the way

that we service our customers with the big job of acquiring and managing print subscriptions while at the same time we position ourselves to do the job with the number one alternative, which is electronic information. Then whenever it comes and however it comes and whether print disappears or whether print stays, as a helping organization that wants to survive economically, we are ready. I would rather put the thinking and planning time into being positioned for any communication alternative for serial information, print or electronic, rather than speculating or making just a best guess. Print is going to be around for a long time.

*LAPT:* Let me take us back a bit to the company itself. Customer service trends such as Continuous Quality Improvement (CQI) or Total Quality Management (TQM) are buzzwords these days and the serials industry is a major service industry. Is that a recent trend for EBSCO or something that has always been a part of the company?

*Brooke:* Customer service is the number one thing we do a lot of preaching about. The customer is always right; the customer is number one; the customer is king. So from day one that is one of the key values we want to instill in our employees. We invest considerable time and energy in providing our people with the tools to be effective not only from the standpoint of technology but also from the standpoint of ongoing continuing education. We have a training department that develops ongoing training programs. Those are run here in the main offices and then exported to our organizations that are remote from Birmingham in an effort to improve our ability to do the best job we can to take care of our customers. The importance of customer service was first instilled in me years ago when I began to travel around and visit our library customers domestically and overseas. One of my earliest experiences with the company was hearing from customers or prospects overseas, "If I could just get an answer from my subscription agent, I'd be really happy." Just keeping in mind the basic common courtesy of responding and doing so in a timely fashion seemed to be something librarians were yearning for at that particular point in time. So for many years we have placed a premium on providing outstanding customer service, doing that continuously, and having that be the number one thing we were striving for day in and day out in the trenches.

*LAPT:* How do you measure that? Is there any way to know that you are doing a good job?

*Brooke:* We have the immediate feedback from the customer group and we do survey our customer groups on a continuing basis. We have positions which we call account services managers that we think are somewhat unique in the industry. We started those about 15 years ago. Kathleen Born, for example, joined us as an account service manager and came from a library background. That position was created as a higher level of commitment and support to our major customers. These are staff people who work directly with the customer service department. They are responsible for monitoring our major customers in a proactive way. That means they are on the phone or on a plane or in a car going to visit face-to-face to review the account relationship on an annual basis at a minimum. They go down a checklist of questions concerning the relationship including a number of questions about how we are performing from a service standpoint. We are also tracking claims, adjustments, and that sort of thing on a regular basis and trying to improve the responsiveness and speed with which we handle those. I think we have a good record in terms of solving claims promptly and also eliminating unnecessary adjustments which do create a considerable amount of extra work within libraries.

*LAPT:* In some of your publicity, you use the term “results-based system for claiming.” Can you define that for me?

*Brooke:* Rather than just continue to send out follow up claims one after another, we learned that in order to get effective results, you have to solve the claim problem. Well over 80–85% of the claims that we generate are solved after the first complaint. After that it gets more difficult and so you get into second or third claiming situations. We wanted to get it solved after the first complaint if at all possible, second for sure, third at the latest. We redesigned our system to include a proof of payment that goes with the claim each time so that you have a claim with all the information that went originally with the check. It also gives the status of the check so it is a full proof of payment. Since we instituted that, we have seen good results. In the customer service department, we have someone whose responsibility with their customers is to monitor second or third complaints. These do not just go through the system routinely. They are pulled out to go to these individuals and they take additional action such as telephoning the publisher or e-mailing one of our remote offices in Europe or Australia. Then the customer service person in our regional office can get on the phone and call the publisher and deal with them in their language and communicate a response back to us. We have made it our business to put more resources behind second and third complaints thereby taking more personal and direct action on behalf of our customers to get a satisfactory response.

*Stephens:* I would like to add that I think an organization’s dedication to customer service needs to be kind of a fundamental religion and you might compare TQM and CQI and such programs to revivals. They are revivals with a methodology in that they are engineered programs for addressing customer service but they are nothing but ways of reviving interest in the fundamental religion. We have a long history of recognizing that the basis of our existence is our customers’ satisfaction and we say in the company that we are not interested in orders, we’re interested in customers. The greatest asset is those customers who come back and buy again and again from you. We spend a lot of time training for that and communicating to personnel getting them to adopt that fundamental belief.

Dixon has developed a very capable training department within ESS which also takes on work within ISS. We are continuously investigating training methodologies. We have a large staff and we have a real call to have them understand the industry we are in, something about the library world, and our particular procedures. We elevated training to a professional undertaking and it is something that must be done continuously. I like to mention that the goal of our customer service is to cut the cost at the library. You do that in two ways. Libraries make an enormous investment yearly in procuring materials. If that is not administered well, then they get a lot of that material later than they should and they do not get as much of it as they should. So, customer service by the agent should move the acquired information to the library faster and more completely which cuts the cost in terms of making it available to the library constituents. The second part of the cost goal is that the less administrative time that library staff has to spend administering their serials because the agent is doing a quality customer service job then the more money the library saves just as directly as if it was in the more visible and conspicuous price that they regrettably seem to focus on too often with their agents.

With regard to customer service, being a full service subscription agent handling very esoteric humanities journals from anywhere in the world as well as the very conspicuous STM titles, we take on the hard as well as the easy. That is a tough challenge. You’re sometimes

evaluated against agents that are selective and cherry pickers and only deal with the major publishers who have the financial and management resources to do a very good service job. Secondly, with regard to customer service, we have aspired to eliminate the traditional belief that a library needs to purchase materials from agents in the country of the journal's origin (nation of origin purchasing). With today's telecommunications possibilities and EBSCO's 27 offices around the world of which only nine are in the U.S., we can call on language and time zone help with publishers on behalf of customers in Australia or customers in the U.S. We can provide a local point of customer service contact with remote publisher contact and we think serve up a better benefit for the library than nation of origin purchasing.

*LAPT:* That was one of my questions because certainly in my experience, I have thought of EBSCO as a domestic vendor. Recently, I heard the perspective that EBSCO considers itself an international agent dealing with the entire world. Has that always been your position or is that a new philosophy because of the way the world has changed? Was it that librarians just did not realize that you could go to EBSCO for everything?

*Brooke:* No, it isn't a change; we have always been international. This is very much an international business. Certainly from our point of view, the library community is very tradition-oriented and so there has been this perception that a library believes it can get the best job by having an agent on the ground in a particular country of origin. Even though we have been working hard to serve libraries all over the world and handle publications in various nations of origin without any difficulty, we have not been thought of traditionally in that way. If you go to Australia, the Australian librarians tend to look at EBSCO's office there as being very good for U.S. material, Australian published materials or Austral-Asian published materials but they are still bound by the tradition of thinking that it is best to deal with a European agent for European published materials. We continue to work hard to change that perception and win the respect of the library community on our ability to handle materials regardless of where they are published. There are tremendous advantages to dealing with a central source which is well organized and capable of delivering a high level of service regardless of where the publisher is located. With today's communications and with the technology we use to tie all of our offices together, it makes a lot of sense and there are many built-in efficiencies. We really can do our best job for customers if they let us handle all of their materials. It is frustrating to us to understand the capabilities we have and know the fine job we do for a number of customers on their European material and then have a major academic library tell us "well, we knew you were pretty good on domestic but we just weren't so sure about your involvement internationally." We want to change that; we are determined to change that.

*Stephens:* We can say that we are the largest subscription agency to Korean libraries, to libraries in Taiwan and since the People's Republic of China is still opening up, as large as any there, in Spain, in Italy. We are happy to provide any of our customers with references of European libraries that take their native journals from us and let libraries anywhere in the world address a German customer with regard to our handling of German titles for the German customer. It is a challenge to have the library community perceive that an American-owned agency which sees itself as an international agency can provide a better service package with a local point of contact, an EBSCO account services manager to visit the library, and then a remote office of the company to make publisher contact to do what is necessary to facilitate service. To get that perception across has

been a real challenge. As Dixon said, we have been there a long time in that we have had offices in Asia and Europe since the early 70s. Clearly a dedicated EBSCO communications network that ties our offices together on our own dedicated lines and e-mail has vastly improved the mechanics which are available to us to make a truly international response.

*Brooke:* We feel very strongly about our regional office concept which is unique to EBSCO. We have offices spread around the globe conveniently located to serve our customers in those countries. Beyond that we have tried to take advantage of the strengths that we get from having that kind of network by having it fully integrated and tied together with a sophisticated telecommunications network working real time off the same system which is headquartered here in our ISS data processing and service center. As a result, any time, anywhere in the world, we are able to communicate with each other through e-mail. We have it organized in such a way that we provide support personnel in each office to take action when necessary on behalf of customers in other parts of the world. That is unique. I do not know of any other agency that does this.

*LAPT:* It may be an interesting time for that message to get through since the nation of origin agents are now making initiatives about their ability to handle the U.S. market so the reverse is coming true. It is my perception that librarians are buying that argument and changing their traditional view of nation of origin purchasing. So it may be a whole new time of rethinking about agents. A question that raises for me is the “eggs in one basket” concern. Given recent history with financial difficulties for some agents, what compels a library to take that risk either for EBSCO or any agent?

*Brooke:* There are service advantages to having a single, well-organized source that you can deal with, someone who has dedicated staff working specifically with your account to provide the highest quality of service. Plus you get the integration of all your orders through that same source allowing for special management reports, again to save time not only in budgeting but also in day-to-day management. “All the eggs in one basket” conjures up concerns for the financial wherewithal of the organization and it is smart to be concerned about it. EBSCO has a history of paying all of our bills and paying our bills on time. We can provide financial references through our bankers. We have the highest Dun & Bradstreet rating there is. If someone is concerned about this issue or requires a guarantee of solvency due to the nature of their organization we can provide performance bonds as necessary. EBSCO’s history of operating and the commitment we have always had of doing what we say we will do and standing behind our commitments position us well to deal with this issue for the future.

*Stephens:* Incidentally, we have found that the phrase “eggs in one basket” originated independently in virtually every language in the world. It is a very common human concern. You should look at it very closely and really say, “What is the risk?” One thing that is very apparent is that people can change from one agent to another. The data is typically available either from the agent or in the library’s own computerized systems, and so I would say, “What is the risk?”

*LAPT:* What is your opinion of the RoweCom pricing model. That model seems to have piqued the interest of many library directors because it appears to be a model which will save substantial money. What issues do you see with that model for purchasing subscriptions?

*Brooke:* We welcome new approaches and one thing RoweCom has done for us is to help us stand back and take a look at what we are doing and say “Well, what can we do in response to this if this is a proven way of doing things and this is what the marketplace wants.” We have developed a similar approach through the redevelopment of our EBSCONET system that operates on the Web. There is one issue that is not clear to us yet that we are watching very closely, and that we think is an important issue connected with this “so-called” new model. This issue will be defined by the librarians: “What are we really interested in here—saving money or improving service?” If the message we receive is “All we are really interested in is saving money,” then EBSCO will definitely have to rethink the way we are organized to provide service. EBSCONET on the Web also provides for electronic commerce. Our view is that this is nothing more than having the privilege of doing your own work for yourself. However, then you have to address the issue of the things that you have to do personally that you were not doing before that your agent was doing for you. EBSCONET on the Web provides for electronic commerce, and also provides for a tie-in to multiple ILS vendors and all the special reports that are a by-product of our normal service. It is a higher value-added service than just strictly an electronic purchasing system. If the library community says “We don’t want any of that, all we want is just to place the orders and we’ll handle everything ourselves,” then we can provide the system to allow that to happen and change the basic way we are organized to provide service. Maybe many of the things we do now, we would not be able to continue doing but if the marketplace says it is not important to us and “We’re not going to pay you for that” then we should be open to change.

*LAPT:* It comes at an interesting time for libraries because at the same time that someone is proposing this different approach, libraries are also downsizing staff significantly. In my experience, those two do not work well together—fewer services from agents and less staff to absorb those services locally. We have also been concerned that it skims off the top the easy titles or the high discount titles that underwrite the acquisition of the more difficult titles.

*Stephens:* When you asked the question about customer service, I made the point that the organization which accepts the challenge to provide full service has an enormously tougher customer service job than the agent who limits what they offer or the nation of origin agent who tries to service American universities with the creme de le creme of the international journals, not the local journals published in their nation. To me this model is a lot less about electronic commerce or electronic payment than it is about the question of service and what I call the visible price. There is a cost to a consumer agent—which a library is for the ultimate reader—to administer the out of pocket investment in the information. There are other costs which the library needs to examine carefully in addition to the publisher price of the information. These costs manifest themselves in several forms such as not getting information into the collection as fast, not getting the run as completely, and what level of effort and time does the internal staff have to put into the very important job of making sure that they get what they paid for and get it in a timely fashion. The element in this that is easy to bring into focus is the price from the agent but it is only one part of it. Over the years we have had many customers come and say “Can you diminish the scope of the service you provide, can you convert that into some stripped down model and lower the handling charge to us?” At times, we have responded. We have always prided ourselves on being a flexible organization but the model that produces the lowest cost is an outgrowth of the publishing community and the administrative effort that it takes to work with that community at any one point in time. We may have a few very well-to-do STM publishers who can afford the



management and the infrastructure to deal pretty well in some vision of an all-electronic world. Most serials librarians realize that these are only a small part of the publishers they must cope with. They spend most of their time with the more troublesome publishers for whom a service that is reduced and stripped down in terms of its scope will be inadequate. So as technology changes and perhaps the publishing community changes, the way agents and libraries deal with the job of getting this material in is going to change some too. But there has not been, if you look at the whole publishing community at this time, that much technological change in the way that publishers administer subscription orders and have the material produced and delivered.

*Brooke:* We are part of all the standards' groups. As Jim has mentioned, the publishers are in different stages of readiness to deal with electronic processing. EBSCO has been working with those who can function in this fashion for years. The claiming side of things is even less mature than the ordering side so publishers' ability to cope with electronic claims is pretty much nonexistent. It is more of an e-mail function than anything else. In theory, electronic commerce sounds good but in practice when you get down in the trenches and look at what is going on, there is a lot of manual work occurring to make that happen. We think that the ability of the RoweCom model to survive at the current pricing level is limited. It is something that we watch. We intend to continue to position ourselves to offer this type of service if there is a certain segment of the marketplace that likes to deal in that way.

And another issue you raise is stripping the creme out. That is an ideal strategy if one can do it. In fact, we have talked from time to time about how beautifully simple our life would be if all we had to worry about were the major STM publishers. Traditionally, European publishers have tended to give better commissions to subscription agents than have domestic publishers. From a pure dollars-and-cents point of view, our life would be much easier if we limited our dealings to this STM group offering the highest quality of service one could expect to find because they are an easy group to serve (relatively speaking). We would not have to worry about interfacing with more than 50 ILS vendors; we would not have to worry about more than 350 special reports designed to make administrative procedures easier within the libraries that we serve. We would be focused on a more specific and simplified approach but we would not be fulfilling the full-service obligation which we have committed to as a company and which we have pursued for a number of years. While it is interesting to think in those terms, we are not seriously interested in pursuing that sort of approach. That being said, we are very careful and are very strongly committed to defending the position we have carved out over the years in the STM segment of the market. We do not intend to sit by and let others chip away at us without aggressively defending our position.

*LAPT:* Your point is well taken. My department spends most of its claiming efforts on the troublesome percentage you are referring to, not the titles which come in without any intervention on our part.

*Brooke:* In our Title Information Department we have about 40 people who are working full time to keep up with the never-ending changes that result from a publisher group of around 50,000 publishers and more than 260,000 publications worldwide. With all different levels of operating and communication efficiencies by the publishers, it is a real challenge to keep up with that and to have it work out well. The adjustment side of things which I mentioned is a very costly aspect to the administrative side of subscriptions not only for EBSCO and other agents but also for the library community. Having the most current title file we can possibly have is a major factor toward

minimizing work downstream and not having any unnecessary back and forth. We feel strongly that the effort we put in on the front end to ensure that we have the best possible title file as well as the most current prices pays off in terms of high administrative efficiency for the customers that we serve.

*Stephens:* It is interesting that the organization you mention has not been able through simple electronic means to deliver their message to the library community successfully. From what we see today, they are investing heavily in adding to their sales and marketing organization to handle communications about the electronic robotized model they offer. We can run the proformas very easily on doing business with the price that is offered. When we look at the publishing community and what portion of it is not ready for robotized dealings, we do not think that the lowest cost situation for the library as an agent for the information user can result from that model at this time and it remains to be seen whether the prices at that level can make it. We know a lot of publishers that receive paper orders and paper communication and telephone communications from this organization because that is the only way the publisher can deal. So the traditional costs to that agent are going to have to be borne somewhere. If they are not recovering it in price, where will they recover it from?

*LAPT:* I would like to ask the inevitable question about what impact the serials cancellations experienced by libraries has had on your business?

*Brooke:* Until this past year, with some accounts it had a negative impact on us, but collectively it did not really because we were benefitting from substantial growth across the board and it tended to be masked within that growth. Since we do look at our relationships with our customers on an account-by-account basis depending on the scope and nature of the cancellations, it can definitely have an impact. Again, it depends on what publishing group the cancellations are coming from. The dust has not yet settled in Ohio, but with the deal that has been struck with Elsevier for electronic delivery, there may be some print subscription cancellations on the way. If a library cancels all of their Elsevier journals, and if we were handling the bulk of them, and if these journals make up a significant part of the annual subscription list, it would also make up a significant part of our profitability so we would have to revisit this list and probably reprice what we were doing to make things work. So there is a cause and effect on the cancellation side, and over time it will have an effect.

*LAPT:* That was one of my other questions, how you see these large contracts affecting the subscription business. My institution was one of the OhioLINK institutions who said "The electronic deal is great but I don't want to get my print subscriptions directly from the publisher. I want to continue to service my print subscriptions through an agent." Obviously, I assume that these electronic deals are going to proliferate. One thing that I have heard from agents is that these deals force the agent to keep up with prices by consortium rather than just list price plus service charge/discount. Does that make it more complicated?

*Brooke:* This does make it more complicated like the early dealings with information that was available electronically. Typically the way this has worked with Academic Press being one of the leaders, is that they were out there testing the waters, trying different things, trying to figure out what makes sense and what works. As a responsible organization they chose to be right in the

middle of the process so that they would have realistic expectations going forward once they decided they had a model that they thought would work. Eventually what they would expect to do is not be out negotiating with each individual library. They have indicated that they are not organized to do that. They would expect EBSCO and other agents who were interested and willing to be business partners with them. We have partnered with them and over time we would expect it to settle down more into the traditional model because you do have to renew every year and you do have to pay the invoice every year and it is not too difficult to imagine that if you have one invoice it is okay but if you have 500 or 1000 it gets to be very difficult. The same is true for a consortium, in that they would have to take on the subscription agent's role and be willing to handle all the negotiations and all the billing issues. How efficient and effective are they going to be if that is just one of many things they are trying to do on behalf of the consortium? A level of specialization and focus remains important for the future to get the best possible job. In the end it is a question of how important service is versus price and what do you end up with—is it the cheapest price or is it the best value?

*LAPT:* I am already seeing that as we have just received our invoice from OhioLINK for the electronic portion of the Academic Press journals. It is a one-page invoice for \$85,000 basically and there is no title list with it. My institution still wants to know that the electronic cost of each title is x and then have that cost be charged to the appropriate subject fund such as chemistry. We have already gotten back to OhioLINK and asked how we can figure out the cost per title, a service that has traditionally been provided by the agent when they invoice.

*Brooke:* There is one particular publisher that has a model that does a census within a consortium for all of the journals that are being taken. It states the total value over a period of years, and it includes not only what the library has been responsible for but also what individual professors and departments have been responsible for. This complicates things because now you get a bill covering everybody and the question is who is going to pay it and who is going to sort it all out and how are they going to divvy up the money. Of course, that is a big part of what our service is all about and we are skilled at being able to track who is getting what, and we have fund codes in our system to facilitate appropriate billing. When it is time to invoice, we can bill one single amount but then we can break that down into a lot of individual budgets and produce separate reports that facilitate charging back. Hopefully it will become clear that is not the best approach for the long run to take it out of the normal flow of the subscription agency process where we have developed capabilities and procedures to deal effectively with a lot of different issues. There is a lot of flexibility. Agents have real advantages that may not be so readily apparent because their services have become an expected part of each year's routine. Then when you try to step outside it and try to do something different, then you find out, "Gee, there was real value in all that and we did not really realize it."

*LAPT:* You recently announced a new product, EBSCO Online. Is that your version of an aggregator for electronic journals?

*Brooke:* It is two things. Number one it is a platform for having all electronic journals in one place and to make it easy to order them. Secondly, it is an access service where you are able to conveniently get access to the journal. We are not necessarily aggregating all the full text on our server. We have some full text on our server and we are linking or pointing to publishers' servers

for full text in the cases where we do not. It is not an aggregation service as such even though we are aggregating; it is more an access service for convenience. Our customers do not have to keep up with a password; all they have to do is connect to our system. We authenticate them and then we open up the full text whether it is on our server or somewhere else.

*LAPT:* Is the publisher response good to that as an alternative to their direct marketing of their journal file?

*Brooke:* We have had very good publisher response. We will have several of our folks at the Frankfurt Book Fair and we hope to have even better response following their trip. We have been working with 15 publishers as test partners during the development phase. We expect this number to continue to grow. We are now in the alpha phase and expect to be in beta next month [November 1997]. We expect to be able to bring the system to the marketplace after the first of the year 1998.

*Stephens:* There is an aggregator community in online journal publishing that exists to service the publisher community. These include entities such as CADMUS Electronic Publishing, Highwire, and Catchword in the U.K. They solicit publishers and offer publishers a service. We are not in that business at this time. Our vision for EBSCO Online is modeled on the print journal service we offer which is to be a single source for full service for just as many online journals as publishers will allow us to work with. In addition to providing an acquisition and management service over the collection of online journals, we also provide what replaces the U.S. Post Office and perhaps the check-in activities in a library, which is an access methodology, which should be very convenient to the University network and to the individual University consumer. All of what the University takes in the form of online journals will be conveniently available. Then very importantly as it relates to searching databases prior to using online text, EBSCOhost and EBSCO Online will make it convenient to move from a database search which identifies an article to the full text of the article from any online journal subscription to which the library subscribes from EBSCO.

With regard to consortia, just one word, part of the question as to whether being a member of a consortium fits, turns on the distribution channel. It is possible for multiple institutions to have a common method of electronic receipt together in a network and receive electronic information uniformly across the institutions. That does not occur with print journal subscriptions where the internal organization for receipt and management varies from institution to institution. Also with the print journal, the collection is much broader which produces a different set of economics from institution to institution whereas the online journal collection is quite small. There is more commonality across institutions with a smaller collection than what you get with print. There are other factors than the distribution channel and you mention financial controls and the extent to which it takes our time to be a part of the consortium as opposed to not being a part of the club. I think all of those factors in addition to the distribution channel or the method of receiving will drive the extent to which it makes sense to be a member of a consortium. Right now things are being driven by the fact that common networks are being established. With a very limited set of online journals, the receipt method can be the same across institutions and therefore we can think about dealing directly with a publisher like Elsevier. But Elsevier is an exception and will become an inconvenient exception if only available from Elsevier. If the world of online journals grows, then there is going to be a need for a lot of commonality in how a network user deals with that big world in order to save internal time both on the user's part and on the library's part.

*Brooke:* Our goal is to deal with various intermediaries and aggregators (such as OCLC with whom we have a partnership) so that for the collection of journals which they have aggregated and to which our customers will want to subscribe, we'll be able to handle the ordering and facilitate the connection to their file just as we will with Catchword. They are supporting several of the publishers we are working with in our test group so when you click on the full text rather than getting the full text off our server or the publisher's server you will go to the Catchword server. We expect to work with many different models. We are flexible in that regard. The main thing is that we want to make it easy for our customers.

*LAPT:* Do you encounter any difficulties in the licensing arena? Individual libraries are expending considerable energy in negotiating individual licenses. I had hopes that an agent could help me. We expend much effort working with each publisher explaining our environment including regional campuses. Is that something that is easier to negotiate for you?

*Brooke:* We are gaining experience in that regard. We expect to be able to help with the licensing. What we expect is that over time as publishers become more comfortable with what is going on, they will figure out that it is not in their interest to negotiate all these different things for each individual agreement. It is better to have an agreement that works in most situations. We hope it will settle down into something that is easier to manage and deal with. Some experience that we have had points in that direction. In the early days of electronic fulfillment of orders, there was a good bit of experimentation going on. We found ourselves on the receiving end of publishers coming to us and wanting us to experiment with sending orders electronically whether through FTP or magnetic tape. Each one had a different format. We quickly realized that we would be in trouble if we had to develop a different format for every publisher and then try to manage that in our system. So we took a couple of hybrid formats, developed our own, and then proactively began to discuss that in the publishing community. That worked for a while with new publishers entering the arena. Then the publishing community in general got together and said, "We're killing ourselves, let's get together and get a standard and then go with that," and that is what happened. Even in our own experience with EBSCO Publishing, initially we had license agreements that we required be executed on the front end before we would fulfill. We got into a lot of negotiations back and forth because as soon as it cleared the librarian's office and went over to the legal counsel's office, they wanted to change this phrase or this word and we get into this back and forth which is not productive. Therefore, we have gotten away from requiring a license to be executed on the front end. It is an implied license that comes when you break the package. The license is there; you read it and understand it and you go ahead and use it. There is no requirement to sign a license. There is an element of trust that people want to do the right thing. I am hopeful that we will see less back and forth and fewer problems and have things settle down into a routine.

*Stephens:* I relate this to the situation of a retail merchant not shutting the doors because there is shoplifting but instead manages that. Publishers will have some shoplifting but that is manageable not so much from overbearing licensing agreements and electronic means of controlling information but essentially because the universities and the corporations are law abiding and they will accept reasonable responsibility and they will pay their bills and they are not going to attempt to violate the spirit of copyright. Copyright tries to serve two bosses: to protect the originator but also to ensure that the society gets the dissemination of the information. It is interesting to see that in

Europe the governments tend to operate the equivalent of our Copyright Clearance Center whereas in the U.S. it tends to be derivative of the publishing community. Somehow we are going to find a way to reward the publisher but at the same time make information widely available. We believe very strongly that licensing will settle into some commonalities that will be not too overbearing because it is terribly expensive to the publisher to cope with too much complexity just like it is terribly expensive to the agent and the library to cope with too much complexity. That is going to push it down to something that is simple and workable. I do not think the publishing community is going to find itself stripped of revenues to the point where they cannot be viable.

*Brooke:* There is so much uncertainty right now on the part of many publishers. It is a new ball game and they are very cautious in the approach they are taking. After they get a little experience with it, they are not going to throw caution to the wind but I think they will be more willing to settle into a routine.

*LAPT:* OhioLINK is one consortium that is in the process of exploring a statewide contract for serials subscriptions. What reaction does that provokes in a serials agent?

*Brooke:* They asked me if we were doing back flips or rejoicing when we heard that they were going to do this. We are not overly excited about it because we see a lot of problems and complications with it. Again, it is the question: "What are we after?" Are we after the best possible price or the best value? How is service going to be rated in the final decision making? You have different classes of libraries within the state of Ohio. You have major academic research institutions, four year colleges, and junior and community colleges and each of them carry their own particular list of titles. So you could have a situation going for a price offer with all that rolled up into one where one group of libraries is getting a better deal, the other group is helping subsidize the other part of that group and not getting quite as good a deal. We see problems with it but at the same time realistically we see some opportunities with it because we are not serving all of the institutions in Ohio. But the idea which seems to be behind some of this process for consortia is that the consortia members get the best possible price. This is difficult to measure because it depends on the kind of services you want and the mix of titles that are connected with the overall proposal. There may not be a better price. Just because we go from handling x percent of the library business in Ohio to handling all the libraries in the State does not necessarily mean we are able to provide a much better price. We would have to hire more people. You gain some economies of scale but not a lot of them. It just depends on how it is structured, so we have a lot of questions about the process. From a customer service standpoint, what is the criterion and how it is going to be evaluated? How are you going to be sure that you get what you say you want to get because there are all kinds of companies that will submit an offer based on price and they will promise to do a lot of things that they do not have a clue about doing or even the capability to do? And unless you are measuring and following through you may not get what you think you are getting.

*Stephens:* While a consortium for online information typically offers a network for the consumption of that information, that is not so at all with regard to print journal subscriptions. Each institution has different receiving and administering procedures with regard to issues. Each institution purchases a much great number of items which we know makes the margin of profitability on the basic list vary from institution to institution such that if you force a grouping

there are going to be some who will end up with a higher price than they might get if they went on their own and there will be others who might get a lower price than if they went on their own. There are vast differences between consortium for online information and a consortium for print material. We think as there is more online information the number of publishers that has to be dealt with by the consortium and the selectivity of the individual members is going to cause the burden of trying to operate through a consortium to become greater administratively with regard to all the processes that are involved. It will have to be an extremely efficient and widely loved consortium to please all the members when the level of complexity gets beyond the one, two or three major STM publishers that are experimenting with it at this point.

*Brooke:* There are many issues. If ILS vendors already have their systems in place, what level of support is going to be required on the part of the vendors to make that work smoothly? The question of whether it is all or none is a really important question that has to be defined on the front end. We have seen so called nationwide contracts, international contracts, where we were beaten over the head for the best price with the promise of big volume and when the dust settles they will come out with an approved list of vendors where nothing has really changed except the vendors have been squeezed to get a better price. Business just continues as usual. It is really important to define up front what the parameters are if indeed the state of Ohio decides to go in this direction.

*Stephens:* There is really a prevailing view that anytime you amass more purchasing by the creation of greater influence you can get a better price. That has to be looked at in terms of each individual application. What happens if all the ladies in the neighborhood go together to see the grocer and say "We will all shop here, will you give us a better deal?" Grocery stores are known to operate on very narrow margins and mass, mass volume and there is just not anything in there to squeeze. I don't think they would get a positive answer. Our business is a very narrow margin business. There is not much to give. While one must respond to what the market asks you to do and you have to respond to competition, there are so many elements that are synthesized in service of a particular list of journals, such as the list's profit margin, the particular kind of service an institution wants based on its administrative systems, the institution's payment practices, and the library record keeping that forcing group buying presents more complications than it seeks to eliminate.

*LAPT:* Shifting the focus for a moment, I have a quote that intrigues me:

"Stephens still feels there's a 'little bit of risk' in becoming 'over fascinated' with the electronic world of disseminating information. 'No matter how much electronic progress we make, no matter how sophisticated communications become, it does not eliminate the need for talented, trained people who have an understanding of what the customer wants.'" [1]

What impact on your business do you see in the changing professional world of librarians, i.e., fewer serial specialists?

*Stephens:* At this point, we have not seen an impact but perhaps something is coming that has not arrived yet in terms of impact on us. I think that institutions will have to manage print serial information for many years to come and, therefore, they have to be equipped with personnel who are savvy in what is involved if they are going to get what they paid for and if they are going to manage it well. I think the essential requirement of talented, trained personnel is not going to go away. I suspect if you were to ask Microsoft "What is your greatest asset?" they would say it is the

body of engineers that they have woven together who keep them, hopefully, on and ahead of the curve and do so as a well-synthesized team. So, it keeps coming back to people as the driving force.

*Brooke:* In ESS, our mission is to have a group of highly motivated, well-trained, quality people working to provide the highest quality of service to our customers. As trite as it may sound, we think it is really important to have good people and keep them for the long haul. This is a complicated business, there are a lot of exceptions, a lot of issues, and it is easier said than done to train people to be really effective and efficient in the way they do things. We put a lot into the training and we want to keep people for the long term. I read an interesting article in the paper this morning. There is a group in New York that is studying turnover in organizations. More and more companies are beginning to realize the negative impact of turnover and how turnover makes it hard to instill values and to have a good strong organization of people working together to do the very best they can.

*LAPT:* Your father, Elton Stephens, founder of the company, has created the first endowed library chair in the U.S. at University of Alabama School of Library and Information Studies. Can you tell me more about that?

*Stephens:* We have a corporate commitment to contribute at least 5% of our before-tax income to charitable and educational causes. We consulted with the School of Library and Information Studies at the University as to what kind of gift they would most welcome. Having the funds to support the kind of faculty that make the school great is a constant quest so it was a combination of the school's particular wish for a gift and our willingness to direct it in that way.

*LAPT:* And for my last question: You've been interviewed a number of times over the years and asked a lot of questions to end interviews. What would you like the last question of your interview to be?

*Stephens:* One might be: "Where if you had your choices would you like the EBSCO organization as it serves libraries and information consumers to be in some number of years in the future?" The answer would be, qualitatively, we would like it to be where we think we have it now: humble and aspiring, open-minded, looking for problems and ways we can improve what we do day by day and knowing that we can do a better job with the methodologies of the day. Second, we would like to be still customer driven, still trying to think like the customer in terms of what is needed and desired, believing that outlook will keep you a survivor and will keep you alive. Third, we would like to still have a team of people using the technologies and the processes of that future year who work together positively and take pride in doing well in our competitive realm. These will we think serve us well and enable us to survive and have some slice of success.

*LAPT:* Many thanks and I appreciate your time.

## REFERENCES

1. St. Lifer, Evan. "EBSCO Subscribes to Success," *Library Journal*, 118 (July 1993), 42.